



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

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Second District

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Third District

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Fourth District

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Fifth District

December 8, 2009

To: Supervisor Gloria Molina, Chair
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

2009-10 REVENUE SHORTFALL

The continued critical issues with the State budget, in addition to increasing costs of various programs and declining revenues, have significantly impacted the County's financial resources. In preparation for developing the 2010-11 Proposed Budget recommendations, our office has been working with departments to review the current fiscal year (FY) 2009-10 budget status. Based on the fourth-month budget status report (BSR), it is projected that Public Safety Augmentation Fund (Proposition 172) and realignment sales tax revenues will fall short of budgeted revenue for this current fiscal year by over \$200 million.

Because the current fiscal year revenue shortfall may potentially carry over into FY 2010-11, we will continue to closely monitor and update the current year BSR. To that end, we have requested departments to prepare a fifth-month BSR and submit the report to our office later this month. As such, we will immediately begin to scrutinize the current hard hiring freeze guidelines and process to ensure that only essential positions are filled for critical operational needs.

We will report back to your Board in late January 2010 with our analysis of the fifth-month BSR. In addition, we will provide a recommended action plan for your Board's consideration to address this current fiscal year's shortfall, which also will assist us in mitigating financial issues previously identified for FY 2010-11.

Please let me know if you have any questions, or your staff may contact Sid Kikkawa at (213) 974-6872.

WTF:SK:CA:yjf

c: All Department Heads

Revenue.shortfall.bm

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